

IN THE UNITED STATES DISTRICT COURT FOR THE  
WESTERN DISTRICT OF MISSOURI  
SOUTHERN DIVISION

UNITED STATES OF AMERICA, )  
                                )  
                                )  
Plaintiff,                 )  
                                )  
                                )  
v.                             )              Case No. 6:17-cr-03056-MDH  
                                )  
                                )  
JASON R. KLEIN             )  
                                )  
                                )  
Defendant.                 )

**SENTENCING MEMORANDUM ON BEHALF OF**  
**DEFENDANT JASON KLEIN**

COMES NOW Defendant Jason Klein, by and through undersigned counsel, and for his sentencing memorandum, states as follows:

**INTRODUCTION**

Jason Klein is a life-long entrepreneur and technologist. He is a loving husband to his wife and an adoring father of their adopted nine-year-old daughter. As demonstrated by the *more than 40 letters* submitted to the Court by his friends, family, colleagues, and community leaders, Jason consistently and selflessly gives of his time, energy, and skills. Other than the instant criminal offense, Jason has no prior criminal record.

On August 1, 2016, the Klein family's life was forever changed for the worse when federal agents executed a search warrant on their home. The search warrant related to an IRS criminal investigation involving Jason's interactions with two undercover agents spanning an 18-month time period. On multiple occasions, Jason sold bitcoins to these undercover agents and others without registering as a licensed money transmitter, a violation of federal law. Since learning of the IRS criminal investigation, Jason has taken full responsibility for his actions,

offered to cooperate fully with federal law enforcement authorities, and has paid full restitution to the IRS for the commissions he received as a result of the unlawful transactions. On May 3, 2017, Jason plead guilty to the sole count of the information, a violation of 18 U.S.C. § 1960(a), for conducting an unlicensed and unregistered money transmitting business.

Based on the factors found in 18 U.S.C. § 3553(a), a downward variance resulting in a sentence of probation, below the uncontested advisory Guidelines range of 10 to 16 months, is warranted in this case.

## **DISCUSSION**

### **I. The Presentence Report and the Guidelines Calculation**

The final presentence report (“PSR”) was issued on July 18, 2017. Consistent with the parties’ agreement, the PSR sets forth a Guidelines calculation based on a total offense level of 12, resulting in a guideline sentencing range of 10 to 16 months’ imprisonment. Given the record in this case, the nature and circumstances of the offense, and the historical characteristics of the defendant, the Court has a strong basis to impose a sentence of probation, which is sufficient but not greater than necessary to address all goals of sentencing.

### **II. Principles of Sentencing**

Title 18, United States Code, § 3553(a)(1) directs sentencing courts to consider, among other things, the “nature and circumstances of the offense and the history and characteristics of the defendant.” Section 3553(a) also requires the courts “to impose a sentence sufficient but not greater than necessary to comply with the purposes” of United States sentencing: (1) retribution, (2) general deterrence, (3) specific deterrence, and (4) rehabilitation. 18 U.S.C. § 3553(a)(2). Courts are also directed by § 3553(a) to take into account the types of sentences available, the United States Sentencing Guidelines (“the Guidelines”), and pertinent policy statements. 18

U.S.C. § 3553(a)(3)-(5). Congress also specifically highlighted the goal of avoiding unwarranted sentence disparity among defendants with similar records who have been found guilty of similar conduct. 18 U.S.C. § 3553(a)(6). Finally, the statute charges courts with considering the importance of restitution in the United States criminal system. 18 U.S.C. § 3553(a)(7). For all the reasons discussed below, after considering and applying the §3553(a) factors, the Court should impose a sentence of probation.

### **III. The History and Characteristics of Jason Klein and the Nature and Circumstances of the Offense Support a Sentence of Probation.**

#### **A. The History and Characteristics of Jason Klein**

##### *1. Jason Klein’s Personal History, Family Life, and Work History*

Jason grew up in a middle-class household in Newton, Kansas, graduating from Newton High School in 1998. Later that year, Jason began his long journey toward earning his college degree by attending Hesston College for one year, before transferring to Wichita State University. Jason left college in 2001 so that he could work full-time on a technology start-up company he launched at age 21. In 2011, having moved with his family to Springfield, Missouri, he enrolled at Missouri State University, where he successfully completed the three remaining courses he needed to earn his bachelor’s degree in Computer Engineering from Wichita State University.

Jason currently resides in Nixa, Missouri, with his wife Pamela (“Pam”) and their nine-year-old daughter. Jason and Pam began dating in 2005 while they were both living in Wichita, Kansas. After dating for several years, Jason and Pam decided they wanted to have children. Unable to have children of their own, they began pursuing adoption. In 2008, because Missouri did not allow unmarried couples to adopt children, Pam officially adopted a baby girl born that year in Springfield, Missouri. In 2010, Jason and Pam were married in Wichita, and in 2011,

moved to Springfield to be closer to Pam's family. In 2012, Jason and Pam formally adopted their daughter as a married couple.

In addition to spending time with his wife, daughter, and extended family, Jason enjoys working to grow his technology businesses, while also serving as a mentor to other aspiring entrepreneurs in the Ozark community. Jason currently owns two businesses, Logic Forte and Datility Networks, Inc. ("Datility"). Logic Forte, which Jason started in 2014, focuses on developing enhanced and new reporting services for the restaurant industry and currently services approximately 300 restaurants across 19 states. Logic Forte is headquartered inside of Springfield's e-Factory, a technology-focused entrepreneurship center designed to assist startup and growth in new small businesses and continuing education and training in mature organizations. Datility, the company Jason started in 2001 at age 21, continues to provide internet hosting and network consulting services to dozens of customers in Kansas.

## 2. *Jason's Entrepreneurial Success and Passion for Technology*

In 2005, at the age of 25, Jason was recognized by the Small Business Administration as Young Entrepreneur of the Year. Jason attributes his entrepreneurial spirit and success to his grandparents, who owned and operated a small diner in Newtown, Kansas, called the "Corner Lunch" for 40 years. Jason practically grew up in their diner until the age of 12, clearing tables, washing dishes, and occasionally running the mechanical cash register before and after school. Jason built his first computer at age 14 and started his first technology "hobby business" at age 16. Jason started an Internet hosting business and hired his first employee at age 21, a business that remains successful 16 years later.

Jason studied network technology and computer engineering in college; however, most of his knowledge has been self-taught. Every time Jason became interested in a new technology, he

would tend to master that technology through research and hands-on experience. For example, while attending high school in the mid-1990s, Jason embraced a new operating system called Linux. Today, many technology businesses, including Google, Amazon, Facebook, and Jason's own Internet hosting and restaurant reporting businesses, run on Linux servers. As other examples of Jason being at the forefront of emerging technologies, Jason's Internet hosting company began using remote desktop in 2001, Voice-over-IP (VoIP) phone systems in 2004, and Internet Protocol V6 (IPv6) in 2009, long before these technologies became mainstream. Jason's customers were able to realize productivity and financial benefits of these technologies many years before they became widespread. All of these technologies are the status quo today.

### *3. Jason Klein and Bitcoin*

Jason's interest in bitcoin was similar in many ways to his interest in other emerging technologies. Jason began learning about bitcoin in 2011 (it was conceived of in 2009). Jason spent hours studying bitcoin and the underlying technology, trying to understand various related concepts. From the start, Jason believed that bitcoin and the underlying blockchain technology had the potential to positively impact the world. Jason's belief has been more than borne out. Bitcoin has enjoyed a meteoric rise since its inception in 2009 because of its groundbreaking nature. Noted Silicon Valley venture capitalist and co-author of the first Internet browser, Marc Andreessen, had this to say about bitcoin's importance:

Bitcoin at its most fundamental level is a breakthrough in computer science – one that builds on 20 years of research into cryptographic currency, and 40 years of research in cryptography, by thousands of researchers around the world.

Bitcoin solves the problem “of how to establish trust between otherwise unrelated parties over an untrusted network like the Internet” through the blockchain technology it employs to record transactions. Solving this problem permits one to transfer any type of digital information

in a quick, secure, and verifiable fashion anywhere in the world. The ownership and transfer of stock, bonds, homes, healthcare documents, and other types of records could be recorded on a public (or private) blockchain, eliminating the need for third-parties and drastically reducing the expenses and redundancies that plague current verification systems. People, companies (including IBM and NSADAQ), and even governments around the world are therefore racing to build these applications.

Because of its groundbreaking nature, venture capitalists like Andreessen have poured money into bitcoin and blockchain technology-related companies. A total of \$1.75 billion has been invested from 2012 to the present. For example, Coinbase, which is one of the largest U.S.-based companies and which announced raising \$100 million (valuing the company at \$1 billion), has over 8.8 million users, 29 million wallets, and 46,000 merchants accepting bitcoins via its payment network, including Dish Network, Expedia, and Overstock.com.

Eventually, Jason decided the best way to learn more was to work with bitcoin firsthand. Accordingly, Jason began by purchasing 7.0 bitcoins (\$100 worth) in January 2013, when the market value was approximately \$14 per bitcoin [on August 14, 2017, the value of a single bitcoin reached an all-time high of \$4,440]. Jason was discouraged by how difficult it was to purchase bitcoins (a common problem in those days), involving weeks of delays and having to mail money orders to strangers or a bitcoin exchange located across the country. Jason also found it very difficult to spend bitcoins (a common problem in those days), finding that online purchases using bitcoin were much more cumbersome than he had expected. Jason believed there was much room for improvement.

Jason's excitement rose as the bitcoin market value increased by 50% in early 2013 after his initial purchase in January 2013. Jason saw an opportunity to invest in more bitcoins, so he

purchased \$500 worth of bitcoin via an online exchange. He then setup a listing to sell his bitcoins locally on LocalBitcoins.com, a local marketplace where visitors could buy and sell bitcoins from sellers in their community similar to eBay or Craigslist. These in-person transactions eliminated the one to two week delays typical of online transactions at the time since there were no money transfer delays (*e.g.* mailing money orders, waiting for deposits to appear in the account, etc.). Jason initially advertised on LocalBitcoins.com under the user name “jrklein,” offering local bitcoin enthusiasts a way to quickly and easily buy bitcoins at market price.

By early April 2013, the value of bitcoin had increased 1,500% from \$14 per bitcoin to more than \$200 per bitcoin. Around this time, Jason received his first inquiry from a buyer on LocalBitcoins.com who had seen this sharp price increase and wanted to invest in bitcoins before the price went any higher. This buyer purchased 7.0 bitcoins from Jason for around \$1,400. During their meeting at a small café in downtown Springfield, Jason and the buyer clumsily stumbled through the in-person transaction process, and then proceeded to talk about bitcoin and its potential to improve online payments. This personal encounter reaffirmed Jason’s interest in the technology.

Over the next few years, Jason began trading bitcoins more frequently both online and in-person with individuals who expressed interest in bitcoin for a wide variety of reasons, including as a hobby and for investing. The in-person trading allowed Jason to meet many other people who had an interest in bitcoin and the underlying technology. Jason frequently educated buyers on how to purchase bitcoins online if they preferred not to pay him a commission. Jason’s LocalBitcoins.com profile maintained a 100% feedback score through the duration of his trading over the next two years, and had many positive comments such as “Most professional bitcoin trader I have met.” Jason never hid his involvement with bitcoin and even became a local expert

of sorts on bitcoin, being invited to give presentations on the subject to the Christian County Property Rights Council (in 2014), the Downtown Rotary Club (in 2015), and the Springfield Bar Association (in 2016).

*4. Jason's Extensive Community Involvement*

Owning his own businesses has allowed Jason to give back to his community and to promote technology locally by participating in various technology, business, and civic groups. Over the years, Jason has actively explored, promoted, and advocated for technological advances throughout the Ozarks, including leading professional organizations and organizing events aimed at attracting innovative and technology-driven businesses to the region. Jason's efforts have had a lasting impact on the Ozark region, including his time as president of the Ozarks Chapter of the Association of Information Technology Professionals ("AITP"), where he helped grow the chapter into the largest in the nation. Jason has also taken active and meaningful leadership roles with other community organizations, including the Springfield Chamber of Commerce, the Nixa Chamber of Commerce, the Ozark Kiwanis Club, the Springbike Bicycle Club, and the O'Reilly Hospitality Bicycle Club. In addition, Jason has served on the Economic Development Action Team and Economic Development Council for the City of Nixa, providing research and guidance to city officials on technology issues as they arise.

*5. Supportive Testimonials from Family, Friends, and Community Leaders*

Jason's profound and positive impact on his family, friends, and community are exemplified in the **more than 40** attached letters of support. These letters leave no doubt that, despite the crime he has committed, Jason has positively impacted those around him for his entire adult life.

### **a. Jason's dedication to the Springfield start-up business community**

After his publicized guilty plea, numerous people from the local start-up and technology community offered to write letters of support for Jason. These letters demonstrate the profound impact Jason has had, and will continue to have, on the Springfield-area business community.

Below are excerpts from a few of those letters:

- Tim Franklin, President, Springfield.NET User Group:

Last fall, Jason and I, along with several other technology leaders, organized a “hackathon”, called Hack 4 Good, to benefit the Springfield homeless community and the organizations that provide outreach to them. A “hackathon” is an event where software developers from all different companies, organizations, clubs, and educational institutions volunteer their time and skills over a weekend to come together at a local venue (typically with corporate sponsorship for supplies and food) and “hack together” (which means to quickly write code, not malicious in any manner whatsoever) a software application, for free, to give to a nonprofit organization for them to use to better the community.

Last year’s Hack 4 Good “hackathon” theme was developing a mobile phone application (capable of being used over free Wi-Fi connections throughout the city) to connect the local area’s homeless with resources (shelter, food, physical and mental health, employment, etc.) and help organizations find and coordinate those resources with those people in need. Jason was a great advocate for this and helped plan, promote, and orchestrate the event. It takes many people and a lot of effort to plan and execute this kind of event. **Jason was instrumental to its success, and the application that was built will hopefully become a significant benefit to combatting poverty in our hometown.** The event was also a great way to raise awareness of this growing issue in our city and surrounding area.

Hack 4 Good is one example of many where Jason has selflessly given his time, effort, and talents to help others, just as he does throughout the year with his involvement and leadership of our area’s AITP chapter and with the other budding business entrepreneurs and technologists at the eFactory, a business development center associated with Missouri State University with a focus on technology, located in downtown Springfield.

Jason Klein is a good man. **Consistently and constantly throughout the several years I've known him, with frequent interactions at several different monthly user groups and leadership meetings, he has exhibited nothing less than a caring, selfless, positive, humble, and giving spirit.** Jason is an outgoing, friendly, sincere person who cares about others and has positively impacted my

life and countless others in the Springfield technology community and our Springfield community at large. (emphasis added)

- Randy Baker, friend and Membership Chair of the AITP of the Ozarks:

I first met Jason Klein over three years ago now while helping him and his wife, Pam, with their vehicle that had broken down along the highway. As membership chair of the AITP of the Ozarks we hit it off right away with similar interests. He quickly joined the Chapter and became active not only with leadership eventually of the Chapter itself but also started a movement in Springfield to coordinate tech related groups beyond AITP to network together. **Jason's focused driven initiative to work for the tech community has been an inspiration for many.** (emphasis added)

- Deborah Wilson, Chairman & Founder – The Ozarks SySTEAMic Coalition:

I am a retired educator, 24 of my 32 years in education was teaching at Jeffries Elementary in Springfield. Four years ago I founded a nonprofit- The Ozarks SySTEAMic Coalition (OSTEAM) to promote science, technology, engineering, the arts, and mathematics (STEAM) throughout the entire Ozarks region. I met Jason four years ago at one of the Mid-America Technology meetings where I gave a presentation on my goal and vision for showcasing a stronger STEAM focus in this region of the state. **Jason was most generous in helping me with contacts that might help me propel O-STEAM's mission and vision.** As we frequent the same professional organizations and meetings he always takes time to reach out to me and is always asking for updates on how O-STEAM is progressing and is always helpful with ideas, suggestions, or contacts that might help O-STEAM reach more people. He often says how proud he is of my commitment to enriching this community through my work with O-STEAM. **His remarks always makes [sic] my day and makes my work seem important.** (emphasis added)

- Myke Bates, Associate Technical Director at the Marlin Network:

Jason's passion for the technology community in the Southwest Missouri area has always been evident, and I have no hesitation saying that he has inspired me – and undoubtedly others – in joining him in that effort.

**Jason's own contributions to the technology community in Springfield are certainly immeasurable – but he has also helped to mentor, develop, and build a stronger community by working with others for the greater good.** He is one of the hardest working and giving people I know – and I strongly value his generosity in helping our community grow. (emphasis added)

- Michelle Hulett, friend and fellow AITP Board Member:

Jason has been extremely supportive of the efforts of many local organizations, but especially those which help to develop skills in people who might fill the shortage of technology workers in southwest Missouri. From young students to senior professionals, Jason has volunteered and supported activities that seek to improve their lives and further develop skills and leadership potential. (emphasis added)

- Chad Carleton, friend and fellow entrepreneur:

Jason has personally helped me and my colleagues in our collective mission to promote entrepreneurship and social responsibility for several years now, and I can say confidently that Springfield, Nixa, and the surrounding cities are a better place to live and work because of Jason.

When I heard about this situation, I reached out to Jason immediately and found him to be penitent and regretful that this may alter his ability to help his community. During our call, I admired Jason's spirit when he said that he hoped this experience would also be one that he can help others learn from as he continues to mentor and contribute back to our community.

- Maranda Provance, The Geek Foundation:

Everyone in the technology community knows Jason because he goes out of his way to be kind to everyone he meets. Over the last several years, he has led the Southwest Missouri chapter of the Association for Information Technology Professionals (AITP), which is in fact the largest chapter in the country with over 230 members. He has brought life to the tech industry in Springfield by bringing people together through regular meetings and annual conferences. He also helps organize a monthly tech leaders lunch where leaders of various organizations get together to share ideas and do great things across our sectors.

If he were to go to prison, the community would be missing out on an incredibly valuable resource. I ask that you please consider giving Jason the lowest sentence permitted under the law.. Allowing Jason to serve out his sentence through work in the community would be an incredible investment in our city. (emphasis added)

- Scott Bratcher, Director of Digital Strategy, The Marlin Network:

I'm embedded in the professional community in southwest Missouri. Most of my creative and technical community involvement is through volunteer work that benefits children, young adults, and aspiring professionals. It is during this work as a volunteer that I have come to know Mr. Jason Klein as we have worked

together with the Springfield Creatives, the Mid-America Technology Alliance, and the Springfield Technology Leaders group.

**Mr. Klein is ever-willing to donate his time and expertise to local non-profit efforts that help others. Not only does Jason show the willingness to give his time and energy to these worthwhile organizations, but he actually shows up when the work starts.** I've been impressed to repeatedly find Mr. Klein's energetic and positive optimism, as he donates time and energy toward the worthwhile goals of these organizations and local movements. (emphasis added)

- Shannon McMurtrey, Ph.D., Assistant Professor, Drury University:

I have been active in the local information technology community for close to twenty years and [have] become friends with Jason over the past few years as he has become one of the pillars of our local technology community.

In teaching college students who are fascinated by, and inclined toward technology, over the past couple of decades I have observed that humility, and the heart of a servant, are very rare traits among technologists. I have no explanation for this observation, and admit that it is nothing more than a personal observation; but this has been my experience. That said, I have observed both humility, and the heart of a servant in my friendship with Jason as I have come to know him over the past few years. **He has gone above and beyond the call of duty for many organizations that he volunteers his time with, which has resulted in him endearing himself to many in our community.**

**His love for and commitment to his wife and daughter are inspiring and something that any young man would be wise to emulate.** (emphasis added)

**b. Jason's selfless commitment to his family, friends, and clients.**

Jason's family, friends, and clients, those who truly know him best, have also offered to attest to Jason's outstanding character and selflessness. A few excerpts from their attached letters are included below:

- Kris Parks, Jason's Brother-in-Law (Pam's brother):

I have known Jason for the last 10 years. I came to know Jason when he began dating my sister who he eventually married and remains happily married to today. As a brother to three sisters, one of my main hopes for them was to find a man that would take care of them and treat them with honor and respect. Jason has been this man not only for my sister, but for my niece as well. As I am not married myself, **Jason has been a role model to me of how to be a great husband and father.** This is something that I am very grateful for as it seems this

is not the “norm” in our society today. Not only do I consider Jason family, but I consider him a close friend as well. (emphasis added)

- Jerry and Nicole Jesky, friends:

My wife Nicole, a local veterinarian, and I have gotten to know Jason, his wife Pam, and their adopted daughter Katelyn over the last four years and can say unequivocally that Jason has a high moral standard and a loving commitment to his family and the community.

Jason and I volunteer on the local Springbike board, in which Jason runs the club’s website. Through Springbike and other organizations Jason is involved with, his work ethic and commitment to the community are often on display. He is humble and eager to contribute. **Jason’s actions showcase what it means to be a friend and an active community volunteer.** (emphasis added)

- Amber and Thomas Davey, friends:

Jason and Pam are our closest “couples” friends, if you will. We were members of their wedding party, and they were members in our wedding party. **We watched them go through the difficult process of wanting children, to finally being able to adopt their daughter, Katelyn. They have been there for us while raising our now 4 year old son, as well as supporting us through our struggles to have a second child.** When they decided to move to Springfield, I wondered if our friendship would survive the distance, and now that worry seems laughable. We schedule regular visits to each other’s homes as often as we can, and go on family vacations together during the summer.

Jason has been and continues to be a respectful, thoughtful, and supportive friend to our family. Our son does not warm up to just anyone, and Jason is one of those kid like adults who always makes time to pay attention to him, play and laugh with him, and it shows in our child’s warm behaviour [sic] towards him. Anytime our family has needed help with purchasing, repairing, or troubleshooting items of the technical nature, he has been willing to help and offer up his knowledge and expertise. **He is a friend each of us can count on.**

We asked if we would get the opportunity to be character witnesses for him. We are so grateful for this opportunity to share who we have found Jason to be year after year-respectful, trustworthy, kind, supportive, a true friend, devoted father and husband, and ethical businessman. (emphasis added)

- Dominic Barry, friend:

This past March I was diagnosed with Stage II Colorectal Cancer at age 35. It was an unexpected diagnosis that brought a great deal of uncertainty and hardship to me and my family. It’s important to know that Jason and I are friends through our

shared interests in cycling and the world of tech, so a lot of our communications are about riding or some new cool gadget, and not always about family or stress of work. Being a new father, and having had just bought my first home, our schedules hadn't allowed for much contact since the previous Summer during a few training rides. Once I had announced to my family and friends my diagnosis, Jason was immediately one of the first people asking what he could do to help. Your honor, I have people I call my best friends that I have known for more than 20 years that weren't much support during those first few days, but Jason wanted to help as if he was family. I don't know that words in a letter can accurately describe how that made me feel as someone who needed the strength of others support during that time. His willingness to help didn't just stop with an offer of thoughts or prayers. Jason offered to help with things around the house that I might not be able to do after surgery, whether it be checking on our pets, mowing the lawn, or just offering company to someone stuck in bed recovering. Jason did these things and those examples among so many others meant so much to our family, and will always be a reminder of how lucky I am to have a friend like Jason. (emphasis added)

- Richard M. Eckman, Director of Operations for Sonic franchise with 16 locations:

Our restaurants have worked with Jason through his technology companies for the last 15 years. Jason makes time to meet with my business partners and I on at least a quarterly basis to make sure he is exceeding our expectations and troubleshoot any areas we may need more focus on. Jason provides us with an outlet for technological innovation and supplies a resource when we need IT assistance. My businesses have relied on and become dependent on the services Jason has provided and we will continue to do business with him throughout this process and going forward regardless of the outcome. Jason understands the importance of taking care of his customers, and I respect him for always making us a priority. The Springfield, MO and surrounding communities are better served with Jason as an active member of them, and I have no doubt that he will continue to be an impactful, law abiding citizen that makes all those who know him thankful to have gotten the chance to be a friend, colleague, or business associate. (emphasis added)

- Bill Ramsey, long-time friend and business associate:

I have known Jason Klein since before I started in business, over 17 years ago. During that time I have found Jason to be honest, patient, kind, forgiving, enduring, intellectual with a thirst for learning, innovative, and more. I have been fascinated to watch Jason raise his adopted daughter; how he delights in teaching her about the world, and how he gets her genuine interest, love, and attention. He is someone I try (not very well, I might add) to emulate as a parent. I have never heard Jason even raise his voice to someone.

Jason has always given freely of his time and resources to further all of those endeavors. **He is an outstanding citizen**, and one that I am more than proud to call my friend. (emphasis added)

**c. Jason's other community involvement.**

Finally, various civic and community leaders have written heartfelt letters of support evidencing Jason's selfless commitment to his community. A few excerpts from their attached letters are included below:

- Steve Raper, President of the Springbike Bicycle Club:

Springbike is a local cycling organization, which began in the late 1990's, that concentrates its efforts in promoting safe enjoyable cycling for its members and the community. I met Jason Klein as a friend through the club. I've since had the pleasure of having him as a friend for the last 3 years.

Jason has [been] very instrumental in the development of the club for the future. **Jason was sought out to become a member of the board of directors; Jason responded with enthusiasm**. Jason joined the board at time when the organization was in a transformation. He came to the club bringing a wealth of knowledge in helping us updating our social media footprint. **Jason helped create and oversee the new website; direct us through the challenges of obtaining the rights to our domain name, but most importantly, helping the club progress in meeting the needs of the members and community outreach for today and in the future**. With him, the club has transformed into an organization that meets the needs of its members, but also is involved in reaching the cycling community. In leading the board, I have relied on the board to provide a candid opinion and thought process in the club business. Jason has been a relied upon companion to provide a very well thought idea and then leading others to understand his position, subsequently, bringing unity on an issue. (emphasis added)

- Brian Steele, Mayor of Nixa

As Mayor for the City of Nixa I have come to know Jason as an exceptional member of our community over the past several years. **I have worked with Jason on many occasions, and he has always selflessly given of his both his time and skills.**

Jason and I served on the Nixa Chamber of Commerce's steering team for the Exceptional Men in Business group. Even though Jason's business is located in Springfield, and is not directly benefited by working with the Nixa Chamber, he [h]as always shown dedication to supporting other Nixa businesses. He led our

work on our NixaQue community event, helping to raise funds for our local charitable organizations. Through this relationship, I asked Jason to serve on the city's Economic Development and Strategic Planning Committees. **He has worked tirelessly with these organizations to bring new ideas to help improve our city.** (emphasis added)

- Brian Bingle, City of Nixa Administrator

Mr. Klein and I became acquainted with one another as a result of Mr. Klein's willingness to participate in numerous city organized committees, and he ultimately provided a significant amount of assistance to me in the hiring of our [the city of Nixa's] Information Technology Specialist. Our business experience first started from our mutual involvement in our city's Chamber of Commerce. From there, as a direct result of Mr. Klein's passion for Nixa's success, he and I became very close associates during his tenure on the City of Nixa's 2013 Continuous Improvement Strategic Plan. **His participation was instrumental in the City ultimately establishing an Economic Development Action Team that led to the creation of our Economic Development Committee.** During our business relationship, I found Mr. Klein's business acumen exceptionally beneficial in the development of City goals, objectives, and the formation of pertinent actions deemed essential to effect resolution. Mr. Klein played an integral role in this entire process, and **the city is better because of his involvement.** (emphasis added)

Overall, the attached letters from family, friends, business colleagues, and community leaders show who Jason truly is, namely someone who has contributed and will continue to contribute much to society and others despite this dark chapter in his life.

#### **B. Nature and Circumstances of the Offense**

As detailed above, Jason has frequently been an early-adopter of new technologies long before their widespread use, and this includes bitcoin. In 2011, Jason first became interested in this emerging block-chain technology. As discussed above, Jason experienced difficulties purchasing bitcoins online, and sought to make buying bitcoins locally more reliable and convenient. Jason even dreamed of one day building and operating bitcoin ATMs in the Springfield area. To primarily buy and sell bitcoins, Jason set up an account on a website called LocalBitcoins.com under the conspicuous user name "jrklein." The site allows users to post

advertisements offering to buy and/or sell bitcoins similar to eBay or Craigslist. Users can reply to these advertisements and agree to meet the person to buy or sell bitcoin with cash, or trade directly through online banking.

Individuals interested in buying bitcoin locally would contact Jason by sending him a message via LocalBitcoins.com. In lieu of selling bitcoin via mailed money orders or wire transfers, Jason would sometimes meet buyers in person at a nearby coffee shop or restaurant. Given his curious nature, Jason also used the meetings to learn more about bitcoin and to collaborate with other users of the virtual currency.

During 2015 and 2016, Jason engaged in five transactions with undercover federal agents in which U.S. dollars were exchanged for bitcoins. During those transactions, Jason departed from a lifetime of integrity and good deeds and sold bitcoins to individuals who represented themselves as engaged in criminal conduct. Further, despite exchanging bitcoin for cash and charging a small commission, Jason was never a licensed or registered money transmitter, a violation of federal law. He will forever regret his criminal actions, which were completely uncharacteristic of him for all the reasons noted by friends, family, and community members.

The total amount of Jason's bitcoin-related sales at issue is less than \$40,000. While this is recognized to be a sizeable sum, his bitcoin operation was, on a relative basis, decidedly small. He earned only \$2,122.68 in commissions from his transactions with the undercover agents. Unlike other individuals convicted in bitcoin-related criminal schemes, Jason's bitcoin dealings demonstrate he did not set out to engage in a crime spree, he is not a hardened criminal, and he will not re-offend. Just about every aspect of Jason's activities had his name prominently identified. For example, when he began promoting his business on Localbitcoin.com, he did not use a pseudonym. The name "jrklein" appears openly and notoriously on his advertisements of

bitcoins. He also did not conceal his identity from those he met in-person to conduct transactions, including the undercover agents. As the Court knows, this type of transparency is not the norm in a criminal universe. To the contrary, concealment of the actor's identity is customary. Jason further conducted no bitcoin transactions on dark web sites like the Silk Road and its successors.

Overall, Jason did not conduct his bitcoin transactions as a normal criminal enterprise would operate. As renowned former criminal defense attorney John Condon, Jr. would say, "He left a trail a Boy Scout could follow." Again, this in no way excuses his crime, but it places his actions in the proper context and demonstrates, among other things, that he will not re-offend. Jason accepts full responsibility for his misconduct and deeply regrets the pain his actions have caused to his family, his friends, and his community. Jason's misconduct is a clear aberration from his otherwise exemplary citizenship and will not happen again.

**IV. A Sentence of Probation Would Be Sufficient but not Greater than Necessary to Achieve the Purposes of United States Sentencing.**

Section 3553(a)(2) enumerates the purposes of sentencing to be achieved by imposing "a sentence sufficient but not greater than necessary": (1) retribution, (2) general deterrence, (3) specific deterrence, and (4) rehabilitation.

What began as another exciting technology chapter in Jason's life has instead become an ongoing nightmare for himself and his family. Jason has been publicly shamed by widely-disseminated reports of his criminal prosecution and felony guilty plea. Jason, who once considered seeking election to public office as another way to give back to his community, may never be able to do so as a convicted felon. Jason and his wife are also unsure whether his status as a convicted felon will prevent them from adopting future children.

Jason has paid full restitution to the IRS and has incurred considerable attorney's fees and other costs as a result of this case. Jason and his wife have had to deplete their savings (including a modest family inheritance they had reserved for his small business and/or a future home), refinance their home, and sell off retirement funds to help cover attorney's fees and costs.

Based on the foregoing, Jason has received substantial retribution for his crime. These consequences, as well as this publicized prosecution, also serve as both a general deterrent to anyone who may be inclined to commit a similar crime and as a specific deterrent to Jason, who never wants himself or his family to experience anything like this again.

As far as rehabilitation, the attached letters of support are a testament to Jason's otherwise outstanding character, selflessness, and commitment to his community. Jason fully accepts responsibility for his actions and has refused to blame anyone else for his situation. Through continued good works, Jason is committed to rehabilitating his reputation by continuing his admirable dedication to his family and community.

## **CONCLUSION**

Jason is aware that his crime represents a significant failure on his part and he has accepted responsibility for his conduct through his guilty plea. Jason can only hope to restore his reputation and make amends with his family and friends for the hardships he has made them suffer. Jason's misconduct stands in contravention to his years of selfless devotion to his family, friends, and community. All indications are that Jason will be a dedicated husband, father, and community leader for many years to come. A sentence of probation would be sufficient but not greater than necessary to achieve all goals of federal sentencing.

WHEREFORE Defendant Jason Klein respectfully requests the Court to consider all of the matters presented herein and impose a sentence of probation.

Date: August 31, 2017

Respectfully submitted,

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**CERTIFICATE OF SERVICE**

I hereby certify that on August 31, 2017, the foregoing was filed electronically with the Clerk of the Court to be served by operation of the Court's electronic filing system upon all attorneys of record.

s/ Mark C. Milton

Mark C. Milton